

June 2, 2005

Via Hand Delivery and ECFS

Marlene H. Dortch
Secretary, Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

***Re: WC Docket No. 05-65
WC Docket No. 05-75***

Dear Ms. Dortch:

SBC and AT&T respectfully submit this letter to update some of the information provided in the Joint Opposition of SBC Communications and AT&T Corp. to Petitions to Deny and Reply to Comments (hereinafter, "Joint Opposition").

In the Joint Opposition, SBC and AT&T introduced the testimony of numerous retail business customers, all of whom commented that the proposed transaction will serve the public interest by providing them tangible benefits without harming competition.¹ Since the Joint Opposition was filed, other customers have come forward to express similar sentiments. As with the previous set of customer statements, the new set of customers expressing their support for the merger represent a broad range of businesses from all over the country, including both large enterprises that use telecommunications services on a nationwide and international level and smaller businesses that require local or regional service.² These statements, like the statements attached to the Joint Opposition, attest to the intense competitiveness of the marketplace for business telecommunications services and explain why the proposed transaction will only enhance that competition. For example:

- The Assistant Manager for Network Design at international computer firm **ASUSTek Computer Inc.** states that the proposed merger "is a good thing for AT&T, SBC and ASUSTek," that "SBC and AT&T provide complimentary [sic] services -- SBC provides sophisticated local services and AT&T has a sophisticated worldwide network," and that "the merged entity will likely have the capacity to provide a broader spectrum of sophisticated telecommunications services, at reduced prices than either AT&T or SBC could provide alone."

¹ See Joint Opposition at 129-149.

² Some, but not all, of these customers have agreed to the publication of their statements or letters in support of the merger, and these statements and letters are attached hereto.

- The CIO and Assistant Vice President of Telecommunications at Texas-based **BNSF Railway Company** are "very supportive" of the proposed merger as a result of the "efficiencies [that] can be obtained," are "not concerned that this acquisition will produce an anticompetitive effect," and "look forward to dealing with companies that can offer a multitude of services supporting and supplementing our own private telecommunications infrastructure at all levels: regional, national, and international."
- The Executive Vice President and CIO of Illinois-based **First Midwest Bank** sees the proposed merger as "beneficial to enterprise customers" because it will provide First Midwest "greater opportunities and resources," create technological benefits "such as improved VoIP technology," help customers "obtain a majority of their service needs from a single source" and thereby improve service, streamline administration of contracts, and reduce prices.
- The CIO of Texas-based **La Quinta Inns, Inc.** has "no concerns that proposed merger will affect the availability of competitive alternatives." He believes that La Quinta "has a wide range of providers from which to choose" for the provision of the long distance and data communications services it currently purchases from AT&T, and notes that with respect to local and Internet access services, it both can and does purchase service from firms such as Time Warner, US LEC and McLeod.
- The CIO of Michigan-based **Meijer, Inc.** is "in favor" of the proposed merger, because "there is a difference in the services and products for which enterprise customers, such as Meijer, use SBC and AT&T" and because "strong synergies [] will likely result from the merger," including greater efficiency in customer account servicing, provision of a greater array of services, and lower prices. He also emphasizes that "the future for enterprise customers is in IP convergence," for which the combined company "would have greater capacity," and which might "result in a greater role of cable companies or others in the telecommunications industry that will help maintain competition in the industry."
- The Executive Vice President of Technology Planning and Control at Minnesota-based **US Bancorp** states that "the market has become hyper-competitive," that he does "not see SBC and AT&T as competitors," and that "US Bancorp has plenty of alternatives to each company in its respective area." He also views the proposed merger as "beneficial to US Bancorp because it will permit us to obtain a broader array of local and long-distance services from a single vendor."
- The Telecommunications Manager at Nevada-based **Your Vitamins Inc. (d/b/a Pro-Cap Laboratories)** makes clear that "given that there are multiple providers of telecommunications services available to Pro-Cap Laboratories, I have no concern that the proposed merger of AT&T and SBC will harm or limit the competitive choices I now have for my firm's telecommunications needs."

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- The Director of Telecommunications at California-based **Young's Market** notes that the company is "very much in favor of the proposed merger between SBC and AT&T" because the merger "will give SBC more extensive features and functionalities that Young's Market will need as we expand nationally" and "help ensure that an American telecommunications company will attain a broader reach internationally; otherwise, American companies wanting to expand globally will be behind the 8-ball." He also states that "I know that I have choices and will continue to have choices that I can either turn to or use as leverage to get competitive prices and top-quality service."

The widespread support offered by such a diverse and growing array of business customers confirms why the Commission should approve the proposed transfer of control of FCC licenses held by AT&T.

Sincerely,

SBC Communications Inc.

AT&T Corp.

/s/ Gary L. Phillips

/s/ Lawrence J. Lafaro

Gary L. Phillips
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1401 I Street, N.W.
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Attachments

cc: Daniel Gonzalez
Michelle Carey
Sam Feder
Lauren "Pete" Belvin
Jessica Rosenworcel
Scott Bergmann
Jonathan Levy
Thomas Navin
Julie Veach
Bill Dever
Marcus Maher

Attachments

STATEMENT OF JEFFREY CAMPBELL AND FREDERICK GRATKE
(BNSF RAILWAY COMPANY)

1. This is a joint statement of Jeffrey Campbell, Vice President Technology Services and Chief Information Officer of BNSF Railway Company ("BNSF"), and Frederick Gratke, Assistant Vice President of Telecommunications, of BNSF.
2. BNSF is headquartered in Fort Worth, Texas, and operates an extensive railroad network in North America, with 33,000 route miles covering 28 states and two Canadian provinces. On average, we spend about \$30 million annually on telecommunications services from commercial providers. This is in addition to the money we spend on BNSF's own safety and security-critical telecommunications infrastructure.
3. BNSF relies upon its own telecommunications infrastructure for a wide range of safety and security critical monitoring and control functions. In addition, because of our vast geographic coverage, we also utilize a number of telecommunications providers. These telecommunications carriers are selected through a competitive bidding process as contracts expire and new services are needed. Our current local voice carriers include Verizon, Qwest, Sprint, SBC, AT&T, and MCI. Our long distance is primarily with AT&T, although we also use MCI and Sprint.
4. In addition, we have also conducted a detailed analysis of various systems integrators, narrowing down the pool of competitors to and seriously considering EDS, although we have chosen not to pursue this avenue at this point.
5. We are currently exploring a shift to VoIP and have participated in discussions with SBC and Qwest, among others, with regard to VoIP deployments.

6. When selecting a telecommunications carrier, the qualities we seek are reliability and a competitive price. We are also concerned about the carriers' financial viability.
7. We believe that the SBC/AT&T merger will benefit the telecommunications industry and consumers, as it will allow these companies to focus on developing their products and on emerging technologies, rather than on the financial difficulties they may be facing or come to face in the future on their own.
8. In addition, we believe that consolidation will hasten the standards-setting process for new technologies, which we are eager to test. Furthermore, we believe that consolidation of telecommunications providers will lead to cost savings, because the industry is highly capital-intensive and efficiencies can be obtained by combining the competitors' networks.
9. As a result, we are very supportive of SBC's acquisition of AT&T. We are not concerned that this acquisition will produce an anticompetitive effect. We believe that the telecommunications marketplace will remain competitive after this acquisition. SBC's acquisition of AT&T will unite SBC's local services with AT&T's long distance infrastructure, which makes for a positive and powerful combination.
10. We look forward to dealing with companies that can offer a multitude of services supporting and supplementing our own private telecommunications infrastructure at all levels: regional, national, and international.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

At: Fort Worth, Texas

Dated: 5/9/05

Dated: 5/23/05


JEFFREY CAMPBELL


FREDERICK GRATKE

STATEMENT OF MR. JACKSON LIN (ASUSTek COMPUTER INC.)

1. My name is Jackson Lin. I am the Assistant Manager – Network Design at ASUSTek Computer Inc. In that capacity, I am responsible for ASUSTek's sophisticated telecommunications needs.

2. ASUSTek is headquartered in Taipei, Taiwan and has business locations around the world. ASUSTek is a leading global manufacturer of electronics, including computer equipment (for example, ASUSTek is a worldwide supplier of personal computer motherboards), communications equipment and consumer electronics. ASUSTek purchases multiple "sophisticated" telecommunications services from AT&T. Specifically, Asustek purchases networked data center services and EVPN services from AT&T (primarily, in California and Holland). ASUSTek also purchases local and long distance services from AT&T and a variety of other providers in the many worldwide locations where it conducts its business activities.

3. I regard telecommunications services as very important and I am very pleased with AT&T's performance (both technical and customer service) and security. I regard AT&T's sophisticated services as the best available.

4. The proposed merger between SBC and AT&T is a good thing for AT&T, SBC and ASUSTek. In my view, SBC and AT&T provide complimentary services – SBC provides sophisticated local services and AT&T has a sophisticated worldwide network. I believe that the merged entity will likely have the capacity to provide a broader spectrum of sophisticated

telecommunications services, at reduced prices than either AT&T or SBC could provide alone..

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Jackson Lin

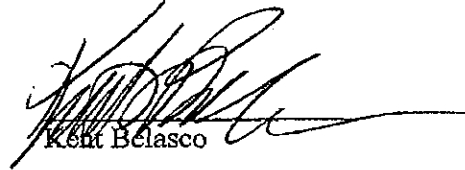
Jackson Lin
ASUSTek Computer Inc.
April , 2005

STATEMENT OF KENT BELASCO
CHIEF INFORMATION OFFICER OF FIRST MIDWEST BANK

1. I am Kent Belasco, Executive Vice President and CIO of First Midwest Bank.
2. First Midwest purchases primarily data network management and monitoring services from SBC. We also lease routers and data circuits from SBC. The data network management and monitoring services have been provided to us under a five-year contract that is up for renewal. We are currently entertaining a three-year contract proposal to continue these services. Global Crossing provides our long distance service.
3. For most major telecommunications purchases we typically use an RFI process that concludes in an RFP. If the services sought are monetarily small, we use a less formal process.
4. First Midwest outsources its core data processing to Metavante. Outsourcing is useful to supplement the depth and expertise of the technological resources of a company so that the burden of rapid growth or handling newer technologies does not fall solely on the enterprise. That said, enterprise customers are sophisticated purchasers of telecommunications services and outsourcing is used predominantly as a means of effectively leveraging and allocating scarce resources.
5. I believe the SBC/AT&T merger will be beneficial to enterprise customers. It will present customers with a larger organization with greater opportunities and resources that will translate into customer benefits. In the long-term there will be potential technological benefits to the merger as well, such as improved VoIP technology, among others.
6. As I have seen in the banking industry, the proliferation of bank mergers actually creates some competitive niches in the marketplace and allows smaller entities to capture a very specific, albeit smaller, market segment. Therefore I believe new entrants in the telecom field can and will occur, as in banking, and can potentially keep prices in check and present potential additional technological options that will maintain, if not increase, the overall competitive environment.
7. Customers can also benefit from being able to obtain a majority of their service needs from a single source. In the past, that has not always been possible or easy to accomplish. The contemplated SBC/AT&T merger will hopefully allow us to do so. This is both simpler, administratively, and allows a customer to seek better pricing through relationship pricing and management due to the range of services being purchased.
8. In summary, I believe that the proposed merger is capable of resulting in greater breadth and depth of services that draw upon greater resources and provides a wider range of technological opportunities. My only concerns are how long it will take to conclude, whether the bureaucratic and administrative aspects attendant to the merger will occur smoothly, and whether our company -- being a relatively small entity -- will be

able to easily and effectively get the attention of the even larger SBC. At the same time, as discussed above, I anticipate that the increased size of the combined company will be beneficial from a resource and technology standpoint.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 16th day of May, 2005 in Itasca, Illinois.


Kent Belasco

Statement of John Novak – La Quinta Inns, Inc.

1. My name is John Novak. I am Chief Information Officer (CIO) for La Quinta Inns, Inc. La Quinta operates more than 300 mid-sized hotels across the United States. La Quinta's corporate headquarters are located in Irving, Texas.

2. I have been La Quinta's CIO for approximately four years. My responsibilities include all matters related to technology support and implementation for La Quinta, including computers and telecommunications capabilities. I oversee the negotiations with, and selection of, the providers of the telecommunications services that La Quinta needs.

3. La Quinta purchases its telecommunications services from a variety of providers. AT&T currently provides La Quinta with long-distance service, local service (through AT&T Digital Link), and data services (including Frame Relay and Internet Protocol). But AT&T is not the only provider from which we purchase these services. For example, La Quinta purchases some long-distance service from US LEC, and obtains traditional wireline local service from US LEC, Qwest, BellSouth, SBC, and McLeod. We also purchase Internet services from MCI, US LEC, Time Warner, Signal Mountain (a satellite carrier), and SBC.

4. La Quinta does not use AT&T as a provider for some types of telecommunications services. MCI provides La Quinta with VPN (Virtual Private Network) service. For wireless service, La Quinta uses Verizon, Cingular, and Sprint PCS.

5. This year, La Quinta invited interested carriers to submit bids to provide us with Internet service. At the time we solicited bids, La Quinta purchased most of its Internet

service from AT&T. After reviewing the bids, we decided that we would purchase Internet service not only from AT&T, but also from MCI, US LEC, Signal Mountain, and SBC.

6. With respect to services other than Internet services, La Quinta has contracted with a third party, Symphony Services, to assist it in the selection of service providers. Symphony Services makes recommendations to La Quinta as to which providers to select for the provision of particular services, and conducts negotiations with prospective service providers on behalf of La Quinta.


7. La Quinta is frequently contacted by various telecommunications carriers seeking to provide telecom services for us. These carriers include not only our current service providers, but also a number of other carriers from which we have not purchased any services to date, such as Covad and Broadwing. The carriers who contact us seek any business that they can get, including the services that AT&T currently provides for La Quinta.

8. La Quinta has a wide range of providers from which to choose for the provision of the telecommunications services currently provided by AT&T. As I have previously stated, La Quinta uses at least one other service provider for virtually all of the services that AT&T provides to us. In my opinion, MCI and Sprint are competitive alternatives for any or all of the services that we receive from AT&T. There are other carriers which could provide at least some, if not all, of these services. For example, US LEC could provide some of these services nationwide, and others in its service region. I believe that Time Warner, which already provides us with Internet service, could also provide at least the Frame Relay service that we currently receive from AT&T.

9. I have no concerns about the proposed merger between AT&T and SBC. Consolidation is inevitable in the telecommunications industry. Furthermore, the merger is likely to produce benefits for current customers of AT&T and SBC, because it will enable the two companies to fill "gaps" in their respective current service offerings. As a result, a combined SBC and AT&T is likely to provide a full service offering, allowing one-stop shopping by customers.

10. I also have no concerns that proposed merger will affect the availability of competitive alternatives to customers such as La Quinta. As I have already discussed, there are numerous providers from which La Quinta can choose to provide the types of services that AT&T provides today. La Quinta already uses at least one other carrier (and, for some services, several carriers) to provide most of the types of services that it receives from AT&T. Other carriers who could provide all or some of these services regularly contact La Quinta, seeking our business. In the past, the availability of numerous alternatives has enabled La Quinta to receive favorable terms from its telecom providers by "playing off" one provider against the other. I do not believe that this situation will change after the proposed merger takes place.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.


John Novak
La Quinta Inns, Inc.

Statement of Jim Johnson
Young's Market - Director of Telecommunications

1. My name is Jim Johnson. I am the Director of Telecommunications for Young's Market. We are a large distributor of wine and spirits in California. We also have distribution offices in Hawaii, are preparing to move into Arizona, and have ownership interests in several companies in Washington, Oregon, Alaska, Montana, Idaho, Utah and Wyoming. Currently we operate 23 locations under the name of Young's Market, but we are rapidly expanding in these other western states and our objective is to stretch nationwide within the next several years.
2. As Director of Telecommunications, I am responsible for defining our telecommunications needs, identifying carriers for contract negotiations, and overseeing the implementation of all services including our help desk and computer operations for the Young's Market locations. I also review the telecommunications contracts and assist in some decisions of our partner companies.
3. We have an extensive voice and data network, using a total of 25 T1s for point to point connection. We also have four-digit dialing, twenty-four 800 numbers, video conferencing, and cellular services. SBC is our main carrier for both the local and long distance data and voice services as well as DSL. Verizon provides our local service for two locations in their territory. AT&T provides the ISDN lines (digital switched data) for our videoconferencing services. We use Qwest for our VPN application. Our cellular service is provided by Verizon, Cingular, and Nextel.
4. As part of my due diligence in securing the most competitively priced and best services, I always go through a formal RFP process. I provide our usage from previous years and request a dollar and cents breakdown, as that tends to be the best barometer. I will then analyze the proposals in light of my knowledge of customer service strengths and weaknesses of the bidders.
5. The last extensive RFP we sent out was 2 years ago. This was for all of our voice and data services except cellular. We ended up going with SBC, which resulted in a 3 year contract. It is my recollection that we sent the RFP out to SBC, Verizon, Sprint, Worldcom, XO Communications, AT&T and Qwest. Our objective was to narrow down as much of our services to one provider. We chose SBC for the bulk of these services because SBC was strong in providing local services in our region, and had just become able to offer long distance. At the time we only had about \$24,000 a month in long distance (as compared to our current \$100,000 a month spend), and we felt comfortable giving SBC a chance given combining local and long-distance was cost-effective for us. I believe we were one of SBC's first customers in the long distance arena.

6. We will be going through the RFP process again soon as our 3 year contract with SBC expires in November. While we have been very content with SBC's service, and will likely renew the contract, I will still certainly go through the extensive and vigorous RFP process because I believe it ensures that I will get the best pricing and quality of service. As of now, I anticipate that we will send the RFP to SBC, AT&T, Verizon, XO Communications, MCI, Sprint, and Qwest.
7. We have grown exponentially in the last three years, and expect to expand throughout the country in the years to come. Long distance data and voice services are becoming increasingly significant for us. Ideally we want to stay with a single provider to the extent that we can, as this approach has proven to be valuable in all respects, including service, manageability, and pricing.
8. Given our plans for growth to other western states and perhaps the east coast, we are very much in favor of the proposed merger between SBC and AT&T. I think it is a tremendous plus for SBC and a plus for customers that have or want to tap into a nationwide network, which is something SBC currently cannot provide. AT&T will give SBC more extensive features and functionalities that Young's Market will need as we expand nationally. I feel more confident in growing knowing that we will still be able to for the most part stick to a single provider, and thus maintain the service and pricing that is most advantage to our business.
9. In addition, the merger will enable the SBC to compete in the international marketplace. I foresee that at some point Young's Market will need a direct line of connection with European countries, as the United Kingdom and France are significant in the wine and spirits industry. As the economy becomes more global, American companies are disadvantaged inasmuch as they have to reach out to international telecommunications companies and link up connections. Combining the assets of AT&T and SBC will help ensure that an American telecommunications company will attain a broader reach internationally. Consolidation in our telecommunications marketplace is necessary; otherwise, American companies wanting to expand globally will be behind the 8-ball.
10. Communication needs are a significant component of our business, as they are the centerpiece of efficiencies in distribution. I am constantly looking at new ways of doing things, and striving to secure lower costs. Even given the proposed mergers, I think there is substantial competition out there. Indeed, we have a number of alternatives and options, including using multiple vendors, turning to the second layer of resellers, and nowadays even using cable companies to drive voice. I know that I have choices and will continue to have choices that I can either turn to or use as leverage to get competitive prices and top-quality service.

I declare under penalty of perjury the foregoing is true and correct to the best of my knowledge.



Jim Johnson
Young's Market
Director of Telecommunications

Date: 5/6/05

Executed at: Los Angeles CA.
(location)

STATEMENT OF WILLIAM NOAKES (MEIJER, INC.)

1. My name is William Noakes. I am Chief Information Officer for Meijer, Inc. Meijer is a large privately-held retailer based in Grand Rapids, Michigan that operates in Michigan, Illinois, Indiana, Kentucky, and Ohio.

2. Meijer spends approximately \$9 million annually on telecommunication services. The majority of that (around \$4 to \$5 million) is spent on SBC local voice and data services. SBC also provides the last mile for our communication services. The rest of the company's telecommunication needs, mainly long distance, are provided by AT&T and Qwest.

3. Meijer generally uses customized RFPs to assist in fulfilling our telecommunication requirements. We may consider a wide-range of companies for a particular service or project and eventually select a particular company based on price, service and reliability. For example, we have considered Qwest and MCI at various times for provision of our local data services. Ultimately, we chose SBC based on the competitiveness of the package it offered us. On the other hand, although SBC has attempted to obtain our long distance business, we have not felt that it was price competitive with AT&T and Qwest, the two current providers of our long distance services. Moreover, SBC is not a known for its long distance business and thus, we felt safer with companies that are traditionally in that business.

4. I am in favor of the SBC-AT&T merger. In my opinion, there will not be any anticompetitive effect that results from the merger. It is my belief that there is a difference in the services and products for which enterprise customers, such as Meijer, use SBC and AT&T. I believe that SBC is strong, competitive provider of local services and has demonstrated to Meijer its ability to effectively provide good data/network services. AT&T, on the other hand, is known for its long distance services. Thus, there are strong synergies that will likely result from the

merger.

5. There are also numerous other market factors that I believe ensure that there is now and will continue to be competition in the telecom arena. For example, enterprise customers are increasingly converging telecommunications services around IP. This will also become increasingly the case as companies try to reduce costs and manage the influx of massive amounts of data. While the changeover has been somewhat slow in occurring due to investments in legacy systems, I believe the future for enterprise customers is in IP convergence. Meijer, for instance, has already moved to web-based computing. The next issue for the company is integrated voice and data. I believe that the merged SBC-AT&T would have a greater capacity to provide our future needs of integrated voice and data. This may, in my view, ultimately result in a greater role of cable companies or others in the telecommunications industry that will help maintain competition in the industry.

6. The same is true for voice over IP (VoIP). Meijer has already moved in the direction of replacing traditional voice services with VoIP. Meijer has begun to ramp up its efforts in this area with AT&T and to some extent with Qwest. Once the technology becomes more settled and reliable, I would expect a massive shift to its use, and along with that shift it would ensure there continues to be competition for voice services among numerous players.

7. Customers are also beginning to move to outsourcing IT and telecommunications needs to integrators. About every two years, Meijer reviews whether using an integrator would be cheaper and more efficient for the company. This process typically involves Meijer hiring consultants to assist us in structuring an RFP that we then send out to leading companies such as Accenture, HP, and IBM to establish whether they are able to provide services at a lower cost.

Faced with increasing pressure to reduce costs, the combined knowledge and capabilities of these integrators ensures that enterprises such as Meijer have available highly competitive pricing and product choices. Although we have in the past decided against using such integrators, we do and will continue to look at it as one among our various options in fulfilling the company's telecommunication needs.

8. In addition, Meijer is a sophisticated purchaser that will continue to use multiple telecom providers. This helps us ensure both that we always have reliable service in case there are problems with one carrier or the other. It also guarantees that neither company will grow complacent and will continue to attempt to compete for our business on price, service, and overall quality. A good example of this is Meijer's use of AT&T and Qwest, and long-distance services. AT&T was at one point our lead provider of long distance services. Over time, Meijer has increasingly relied upon Qwest for those services both due to the competitive rates and service provided.

9. I believe the combination of SBC and AT&T will provide a range of synergies that will yield numerous benefits for Meijer and other consumers.

10. First, I believe the merger is likely to increase efficiency in customer account servicing. Often the use of multiple carriers, though desirable and available as an option in the marketplace, leads to some confusion as to which company is responsible for any problems in the system or service. If one company is providing everything then it will reduce system integration, resolution time and finger pointing.

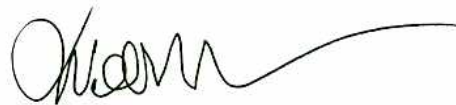
11. Second, I believe the merger will lead to provision of a greater array of services. Specifically, the merger with AT&T will allow SBC to leverage the research capabilities that AT&T has to offer more cutting edge products and services. It will also permit SBC to enter the

long distance and VoIP market, markets where I consider them to currently be non-competitive.

12. Third, the merger is likely to result in lower prices, in my opinion. It is my hope, and I think the future will bear this out, that a single company that is larger in terms of revenue but that becomes smaller in the general services and administration costs needed to run the company will result in lower prices to the consumer. I also believe that the current market environment that has generated the mergers will also eventually lead to international players entering the market and competing with these companies, which will also result in lower prices.

13. For years, the telecommunications industry has been undergoing tremendous change and I expect that to continue in the future. New products and services are required by customers like Meijer every day. A combined SBC and AT&T will result in Meijer having the best of both telecom worlds under one roof. I expect that the efficiencies from such a merger will lead to better opportunities for all customers.

14. I declare under penalty of perjury that the foregoing is true and correct. Executed on this 24th day of March, 2005 in Grand Rapids, Michigan.

A handwritten signature in black ink, appearing to read 'W. Noakes', with a long, sweeping horizontal line extending to the right.

William S. Noakes, Jr.

STATEMENT OF GARY HODGE (US BANCORP)

1. I am Executive VP of Technology Planning and Control at US Bancorp. I have been in this position for a little over a year, and have held several senior and executive positions at the company for the last 14 years. US Bancorp has numerous locations in over 35 states throughout the United States. I work out of St. Paul, Minnesota.
2. US Bancorp uses over 300 carriers for various telecommunications services, most of which are small regional carriers providing local voice services. Our primary service provider is MCI, which we use for long distance voice and data and 1-800 services. The majority of our telecommunications spend is through MCI, AT&T, SBC, and Qwest. We also use a variety of ILECs and CLECs for local voice and data services.
3. US Bancorp uses MCI and AT&T as redundant carriers to provide resiliency for long distance voice and data services. Currently, we use MCI for about 80% of our long distance voice traffic and 20% of our long distance data traffic, and AT&T for 20% of our long distance voice and 80% of our long distance data traffic.
4. SBC is a significant vendor for US Bancorp. US Bancorp uses SBC primarily for local access and local data, as well as a data network supplier (reselling Cisco equipment, and equipment installation and deployment).
5. US Bancorp solicits bids for telecommunications services through Requests for Information ("RFIs"). US Bancorp prefers RFIs over Requests for Proposals ("RFPs") because RFIs place equal restrictions on the bidders to provide the best available solution to meet our needs, while providing US Bancorp with more flexibility to accept or deny any of the bidders' offers.

6. A variety of competing carriers are available to service US Bancorp's various telecommunications needs. US Bancorp recently issued RFIs for long distance voice and 1-800 services. We issued the long distance to Qwest, SBC, MCI, and AT&T. All these carriers are capable of providing US Bancorp's required dedicated-to-dedicated and dedicated-to-switch services in a manner that does not double US Bancorp's long distance spend. The RFI for 1-800 services was issued to AT&T and MCI. In addition, there are a number of carriers capable of providing US Bancorp's data service needs, including Sprint, SBC, AT&T, MCI, Qwest, Verizon, BellSouth, and Cincinnati Bell.

7. When choosing among the available carriers to provide specific telecommunications needs, US Bancorp values service quality (which varies widely from carrier to carrier) over price. US Bancorp also favors contract flexibility.

8. It is my belief that the recent regulatory rulings permitting the RBOCs and CLECs to reenter the long distance market will result in the loss of 30-40% of AT&T and MCI's market share and ultimately force these carriers out of the market altogether. The market has become hyper-competitive, as there is not enough space for five to seven players to provide quality telecommunications services while making a profit. The SBC and AT&T merger will have a positive impact on the industry because AT&T would not otherwise survive against the influx of new entrants in the long distance market.

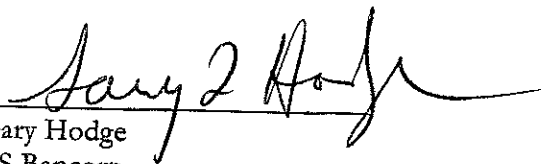
9. From my perspective, pricing in the telecommunications market is highly competitive and has been so for about 10 years. Pricing has hit near or at rock bottom, and carriers are no longer making sufficient margins on their services. Unless the market has healthy, financially stable companies, the U.S. will fall woefully behind the rest of the world in technology and innovation. Margins have to improve so that the U.S. has a network

infrastructure sufficient to compete with the rest of the world. At this time, U.S. carriers are not delivering the innovative technology necessary for the market's needs. In particular, the U.S. has already fallen considerably behind Europe and Japan in wireless technology.

10. From my perspective, I do not see SBC and AT&T as competitors (even though we have sometimes issued the same RFI to both companies). One provides us local access, local data, and equipment, and the other provides us long-distance and 1-800 services. I also feel that US Bancorp has plenty of alternatives to each company in its respective area. As a result, I have no concern about SBC's proposed acquisition of AT&T.

11. I believe that a combined SBC-AT&T will be beneficial to US Bancorp because it will permit us to obtain a broader array of local and long-distance services from a single vendor. Having a single point of contact for the entire country, instead of multiple points of contact for different services and different areas, will be easier to manage. In addition, a single carrier providing more services will provide a larger account team with which we can develop a close relationship and with which we can work to better meet our telecommunications needs.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.



Gary Hodge
US Bancorp

5-23-2005

Date

Executed at

May. 4. 2005 4:15PM

No. 0510 P 2

STATEMENT OF JEFF BAIER (Your Vitamins, d/b/a PRO-CAP LABORATORIES)

1. My name is Jeff Baier. I am the Telecommunications Manager of Your Vitamins (d/b/a Pro-Cap Laboratories) at 430 Parkson Road, Henderson Nevada 89015. I manage my firm's voice and data services. I have worked for Your Vitamins for about six years.
2. Our telecommunications spending is approximately \$6,000 per month. We purchase four T-1 trunks from AT&T for voice service and two T-1 trunks from AT&T for data service. We purchase business local service from XO and we purchase an alternate T-1 trunk from M-Power for redundancy purposes.
3. When Pro-Cap Laboratories has telecommunications needs, or when we consider switching carriers, we call representatives at various carriers that serve our area. These carriers contact us on a regular basis to let us know that they can provide us service. In addition to AT&T, XO and M-Power, our area is served by Sprint (for voice and data services) and Cox (for data services).
4. Given that there are multiple providers of telecommunications services available to Pro-Cap Laboratories, I have no concern that the proposed merger of AT&T and SBC will harm or limit the competitive choices I now have for my firm's telecommunications needs.



Jeff Baier
Your Vitamins (d/b/a Pro-Cap Laboratories)